

Phase 2 of the Northern Ireland Renewable Heat Incentive

Comments by

Northern Ireland Environment Link

14th October 2013

Northern Ireland Environment Link (NIEL) is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 62 Full Members represent over 90,000 individuals, 262 subsidiary groups, have an annual turnover of £70 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment. NIEL brings together a wide range of knowledge, experience and expertise which can be used to help develop policy, practice and implementation across a wide range of environmental fields.

These comments are made on behalf of Members, but some members may be providing independent comments as well. If you would like to discuss these comments further we would be delighted to do so.

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NIEL welcomes the opportunity to comment on Phase 2 of the Northern Ireland Renewable Heat Incentive. Renewable heat incentives are necessary to contribute to a more secure, efficient and sustainable energy market.

2.1 Do you have any comments on DETI's proposals regarding the eligibility of second homes, holiday homes, privately / social rented homes or farmhouses?

We are in general agreement with DETI's position. Second homes, holiday homes and social rented homes should all be eligible but it is appropriate that payments are based on metered output. We are also satisfied that farm houses should be made eligible under the domestic RHI.

2.2 Do you have any views on how domestic installations over 45kW should be treated?

We are satisfied with the proposal to include installations above 45kW but below 100kW, with the MCS accreditation procedures applying within this range. This is appropriate for the sake of fairness while preventing over-incentivisation and the installation of over-sized systems. While we appreciate it is not possible to provide actual MCS accreditation for installations above 45kW, the same procedures for the below 45kW installations could be applied to the above 45Kw installations.

2.4 Do you have any comments on the proposed list of eligible technologies?

There should be scope to include new technologies that become available over the lifetime of the scheme.

2.7 Are there any technologies that are not currently being proposed for support that you feel could have a significant contribution in the development of the local renewable heat market? Please fully explain your answer.

Not that we are aware of. Industry experts may have some suggestions in this regard. We would caution against the use of unproven technologies, especially where there is uncertainty over the performance of the technology and how the heat output may be measured.

2.8 Are you supportive of DETI's proposal to offer up-front grant plus a compressed RHI payment for domestic installations?

Yes. This proposal should make the scheme more accessible to people by helping off-set the initial capital costs, while offering a further incentive through shorter pay-back. However, we have some concerns about what happens after the 7 year period; depending on energy prices, people may revert back to fossil fuels. There is need for a longer-term strategic approach to incentivise and encourage people to firstly, make the switch to renewable heat and secondly, incentivise the continued use of renewable heat.

2.9 Do you think the proposed support levels and tariffs are appropriate for this sector? If not please explain with evidence.

While the up-front grants are welcomed, the initial capital outlay is still likely to be a deterrent to deploying a new installation. Tariffs should perhaps take account of the potential variation in initial capital costs and account for projected changes in costs of biomass fuels.

2.11 Do you agree with DETI's proposal to 'deem' heat loads in domestic properties rather than require individual heat meters?

We are satisfied with the proposal to deem rather than meter all domestic properties. This will prevent the overuse of heating systems to receive additional payments. However, under the 'deeming' method, the old fossil fuel system must be removed from the dwelling to ensure that people are only being incentivised for generating renewable heat. In situations where the dweller chooses to retain a fossil fuel system, the renewable heat system should be metered with tariff payments based on kW output.

2.12 Do you have any comments on how heat loads in homes could be most accurately and cost effectively assessed as part of the deeming system?

Energy Performance Certificates would be an appropriate mechanism for assessing expected heat demand.

2.13 Do you have any comments on the proposals relating to the need for heat meters under certain circumstances?

It is vitally important that only renewable heat generation is incentivised. For example, if a fossil fuel heating system is remaining in place then the new installation should be metered.

2.14 Do you have any comments on the proposal to assume homes have attained a certain level of energy efficiency when deeming heat loads?

The prospect of gaining additional tariff payments through extra energy usage may disincentivise thermal efficiencies. Therefore, thermal efficiency incentives should be made available alongside renewable heat incentives. Some 'hard to heat' homes cannot achieve a higher EPC rating and should not be excluded from the scheme for this reason.

2.16 Do you have any views on the timings or frequency of payments?

We realise that annual payments are easier to administer but quarterly payments may make the scheme more accessible for households, especially those on lower incomes.

3.1 Do you have any comments on the assumptions used to develop the large biomass tariff?

We welcome a tariff for larger scale biomass plants. If renewable heat targets are to be met in Northern Ireland, considerable incentivisation will be required and it is questionable whether 0.6p is a sufficient incentive to achieve the target.

3.2 Do you have any comments on the proposed tariffs and arrangements for CHP systems, including the proposal to introduce separate tariffs for new build CHP systems and for the conversion of existing fossil fuel CHP?

We agree with the tariff levels proposed for CHP and with the proposal to deal with the conversion of fossil fuelled CHP.

3.4 Do you have any comments on the proposal to incentivise biomass direct air heating or the

methodology for calculating payments?

We are satisfied that direct air heating should be incentivised but recognise the difficulty around measuring heat output. If a deeming approach is to be used, then existing fossil fuel systems should be removed to ensure that only renewable heat generation is being incentivised. If a reliable metering approach exists, then this should be deployed.

3.5 Do you have any comments on the proposed tariffs for AAHPs and AWHPs?

We agree with the proposals for AAHPs and AWHP's, including the deeming of heat in line with other technologies.

3.7 Do you have any comments on the proposed level of support for deep geothermal energy?

We support the second option as a means for incentivising deep geothermal. There is significant potential to use deep geothermal in Northern Ireland but it is unlikely there will be more than two schemes. If political support is forthcoming, then the project specific mechanism is preferable.

3.8 Do you think DETI should incentivise the use of heat only bioliquids boilers in the non-domestic sector and do you foresee any problems with the approach proposed by DETI?

We are supportive of a tariff for biofuels and agree with the approach proposed by DETI.

3.10 Do you agree that district or community heating systems require an additional tariff uplift under the RHI scheme?

We agree that district or community heating systems will require an uplift in addition to the tariff.

3.11 Have you any comments on the level, design or eligibility requirements of the district heating uplift?

We support district or community heating systems but think that the standard tariffs may not be sufficient to incentivise this type of installation.

3.14 Do you think a challenge fund option might be more appropriate for any specific technologies or projects?

Yes

4.2 Do you have any comments on the potential extension of these standards to all relevant installations and the introduction of an approved suppliers list?

Biomass sustainability and reporting standards are a necessary measure to ensure that biomass is being sourced in a sustainable way. Accredited installations should be required to source biomass fuel from approved suppliers, who in turn are expected to demonstrate that their fuels comply with set standards for biomass sustainability.

4.4 Do you have any comments on the potential future introduction of air quality standards?

Given that biomass heating is expected to contribute significantly to the renewable heat sector, it is important that the impact of biomass heating on air quality standards is monitored and emissions limits should be set.